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No. 08-1378

Supreme Court, U.S.
FILED
OCT 13 2009
OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

CHF INDUSTRIES, INC.,

Petitioner,

v.

PARK B. SMITH, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION

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QUESTION PRESENTED

Whether a notice of appeal filed within thirty days of a judgment by the District Court, but before the entry of an order dismissing remaining counterclaims (by stipulation), is deemed timely under Fed. R. App. P. 4(a)(2), where the judgment resolved the main claim in the case and rendered the counterclaims moot, and where the appealing party reasonably believed the case had terminated and the other party has not been prejudiced.

RULE 29.6 STATEMENT

Respondent Park B. Smith, Inc. has no parent corporation and no publicly held company owns 10% or more of it stock.

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STATEMENT OF THE CASE

The Petitioner at p. 4 misrepresents the Memorandum and Order of the District Court as "interlocutory." The Memorandum and Order was a final disposition of Plaintiff's claims of infringement on the two design patents in suit, by granting summary judgment of non-infringement, which were Plaintiff's sole claims in the action.

The Petitioner at p. 5 misrepresents the circumstances surrounding the execution of the stipulation to dismiss the counterclaims, and the reasonable belief Respondent had regarding the finality and appealability of the March 10, 2008, judgment when it filed the Notice of Appeal on April 8, 2008. The counterclaims in this action were garden variety declaratory judgment counterclaims for non-infringement, invalidity and attorneys fees relating to the same two design patents in suit. When Senior District Judge Lawrence M. McKenna granted Petitioner's motion for summary judgment of non-infringement in his Memorandum and Order, and the clerk entered judgment, he did not reserve jurisdiction over any of the claims in the case or order the parties to take any further action; thus, the counterclaims became moot. It was reasonable, therefore, for Respondent to believe that the District Court Memorandum and Order, and judgment entered thereon on March 10, 2008, addressed all of the claims and that the case had been terminated and was ripe for appeal.

Respondent's actions, and the District Court's actions, after Respondent it filed its Notice of Appeal confirm Respondent's reasonable understanding that the case was ripe for appeal. After filing its Notice of Appeal, Respondent was contacted by Petitioner, who insisted that the parties needed to stipulate to dismiss the counterclaims. Although Respondent believed this was unnecessary to terminate the action, it agreed to do so. Respondent did not "negotiate" the terms of the Stipulation of Dismissal, but rather simply signed the Stipulation drafted by Petitioner. Significantly, even the District Court believed that the action had been terminated. When Petitioner attempted to electronically file the Stipulation of Dismissal, the District Court sent the parties an email on May 6, 2008, stating: "WARNING: CASE CLOSED on 03/10/2008", the date the clerk entered judgment on the Memorandum and Order granting summary judgment for non-infringement. (App. pp. 1a-3a).

SUMMARY OF REASONS FOR DENYING THE PETITION

The Petition should be denied because Petitioner has not established that there is a conflict among the circuit courts on the application of *FirsTier Mortgage Co. v. Investors Mortgage Ins. Co.*, 498 U.S. 269, 111 S.Ct. 648 (1991), when Fed.R.App.P. 4(a)(2), is invoked. To the contrary, the circuit courts have applied Fed.R.App.P. 4(a)(2) consistently and uniformly, looking at the facts of the specific case to determine whether the party who filed the Notice of Appeal had a reasonable belief that the case had ended, in accordance with *FirsTier*. A conflict does not arise merely because different courts interpret *FirsTier* differently depending

on the different facts of the case before the court, or because different courts come to different conclusions. *See e.g.* Gressman, Geller, Shapiro, Bishop & Hartnett, *Supreme Court Practice*, Section 4.3 (9th ed. 2007)("[T]here must be a real or 'intolerable' conflict on the same matter of law of fact, not merely an inconsistency in dicta or in the general principles utilized."). Moreover, even if a conflict existed, this is not an appropriate case for this Court to exercise its extraordinary and discretionary jurisdiction to address such a conflict.[1]

REASONS FOR DENYING THE PETITION

I. Petitioner Has Not Established That This Case Meets the Court's Requirements for Granting Certiorari Because There is No Conflict Among the Circuits

Petitioner has not met its burden of establishing a conflict among the circuits in the application of Fed.R.App.P. 4(a)(2) following this Court's decision in *FirsTier*. Indeed, as discussed below, the cases on which Petitioner relies show that there is no conflict.

The issue in *FirsTier* was whether an appeal was timely when it was filed after the District Court handed down an oral decision from the bench and simultaneously requested proposed findings of fact and conclusions of law from the parties but before the District Court issued its findings of fact and conclusions

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1. Petitioner's assertion that the Federal Circuit violated federal statutes which govern the scope of its jurisdiction, even if true, is not grounds for a writ of certiorari. *See* Supreme Court Rule 10.

of law and before the entry of judgment. 498 U.S. at 271-72. In analyzing the issue, this Court noted that:

> Rule 4(a)(2) was intended to codify a general practice in the courts of appeal of deeming certain premature notices of appeal effective. . . . The Rule recognizes that, unlike a tardy notice of appeal, certain premature notices do not prejudice the appellee and the technical defect of prematurity therefore should not be allowed to extinguish an otherwise proper appeal.

Id. at 273. Without deciding whether the decision of the District Court in *FirsTier* was final, this Court held that "Rule 4(a)(2) permits a notice of appeal filed from certain nonfinal decisions to serve as an effective notice from a subsequently entered final judgment." *Id.* at 274. This Court then went on to provide a framework from which appellate and circuit courts could determine whether Rule 4(a)(2) applies to a given set of facts. In doing so, this Court discussed with approval two cases that were cited by the Advisory Committee's Note to Rule 4(a)(2) where a timely filed appeal was found despite the fact that the notice was filed after a nonfinal judgment. In *Ruby v. Secretary of Navy*, 365 F.2d 385 (9th Cir.), *cert. denied*, 386 U.S. 1011, 87 S.Ct. 1358 (1967), the order of the District Court dismissing the complaint without dismissing the action was not final because the appellant in that case could have amended his complaint. Despite this, the notice of appeal filed after the nonfinal ruling dismissing the complaint was held to be a timely notice from the subsequently filed order dismissing the action. Similarly, in *Firchau v. Diamon Nat'l Corp.*, 345 F.2d

269 (9th Cir. 1965), appellant filed a notice of appeal with respect to only one of the claims dismissed by the District Court. While noting that the ruling dismissing the complaint might not have been appealable, the Ninth Circuit held that the prematurely filed notice was deemed to be a notice of appeal from the subsequently filed judgment dismissing the complaint. From these cases, this Court concluded that "Rule 4(a)(2) was intended to protect the unskilled litigant who files a notice of appeal from a decision he reasonably but mistakenly believes to be a final judgment, while failing to file a notice of appeal from the actual final judgment." *FirsTier*, 498 U.S. at 275-76.

The circuit courts are following the framework laid out by this Court in *FirsTier*. For example, Petitioner cites *Barrett v. Atlantic Richfield Co.*, 95 F.3d 375 (5th Cir. 1996), as an example in which Rule 4(a)(2) is interpreted inconsistently with *FirsTier*. However, the *Barrett* court discussed *FirsTier* in depth and found that the facts in *Barrett* were similar to those in *FirsTier*. Specifically, in both cases the court's order would have been appealable if the court had entered judgment immediately. It is irrelevant that judgment would have been entered using different procedures in the two cases. Therefore, *Barrett* is not inconsistent with *FirsTier*. Neither is *ADAPT of Philadelphia v. Philadelphia Housing Auth.*, 433 F.3d 353 (3rd Cir. 2006). In fact, *ADAPT* falls squarely within the examples set out in *FirsTier*. The orders appealed from were discovery orders, which by the plain language of *FirsTier* do not fall within Rule 4(a)(2). *ADAPT*, 433 F.3d at 363.

Similarly, in *Outlaw v. Airtech Air Conditioning & Heating Inc.*, 412 F.3d 156 (D.C. Cir. 2005), the plaintiff filed a notice of appeal while claims were still pending against one of the defendants. The court then *sua sponte* dismissed the claims against the remaining defendant. The District Court specifically noted that it was dismissing the remaining claim because "otherwise, there may be some question whether the Court's [summary judgment] Order represents a final judgment that may be appealed at this time." *Id.* at 159. The Circuit Court analyzed the issue of the premature filing under *FirsTier*, specifically noting that "prior to *FirsTier*, many circuits had a broader understanding of when a premature notice of appeal could become effective" and that "those prior lines of precedent must be limited in light of *FirsTier*." *Id.* at 160. The *Outlaw* court further noted that this Court's "articulation of its test for applying Rule 4(a)(2) provides some direction." *Id.* at 161. Following the direction set out in *FirsTier*, the *Outlaw* court found that Rule 4(a)(2) applied because the order from which the plaintiff appealed would have been appealable if judgment had been entered pursuant to Federal Rule of Civil Procedure 54(b). *Id.* at 161. It is clear from the detailed analysis conducted by the *Outlaw* court that, contrary to Petitioner's assertion at 29-30, circuit court's are not improperly interpreting Rule 4(a)(2) "broadly" or improperly "ignor[ing] or unduly circumscrib[ing]" the application of *FirsTier*. Therefore, there is no conflict for this Court to address. *See also United States v. Bryson (In re Bryson)*, 406 F.3d 284 (4th Cir. 2005)(court found that all claims had essentially been resolved at the time of the filing of the notice of appeal so the criteria of *FirsTier* was met).

Nor is there a conflict among the published and unpublished decisions of the Federal Circuit, or the Federal Circuit and *FirsTier*. The decisions cited by Petitioner are factually distinguishable from *FirsTier* and the instant action. In *Meade Instruments Corp. v. Reddwarf Starware, LLC*, No. 99-1571, 2000 WL 987268 (Fed. Cir. June 23, 2000)(non-precedential), *cert. denied*, 534 U.S. 950, 122 S.Ct. 345 (2001), the District Court explicitly reserved judgment on one of the claims in the action. Even more significantly, the defendant in *Meade* filed a motion for Rule 54(b) certification on the same day on which it filed its premature notice of appeal. It was clear, therefore, that the defendant did not have a reasonable but mistaken belief that the District Court's order was a final judgment, as required by *FirsTier*. Likewise, in *Stoney Point Products, Inc. v. Underwood*, 15 Fed.Appx. 828 (Fed. Cir. June 7, 2001), the District Court's Order did not dispose of all of plaintiff's claims and a trial date on the remaining claims was set prior to the date on which the defendant filed its premature notice of appeal. The defendant in *Stoney Point*, could not have had a reasonable belief that the District Court's order disposed of all of the claims in the action. The Federal Circuit's decision, therefore, falls squarely within *FirsTier*.[2]

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2. The remaining Federal Circuit cases cited by Petitioner are consistent with *FirsTier*. *See, e.g., E-Pass Techs., Inc. v. 3Com Corp.*, 343 F.3d 1364 (Fed. Cir. 2003) (premature notice of appeal ripened upon dismissal of counterclaims); *State Contracting & Eng'g Corp. v. Florida*, 258 F.3d 1329 (Fed. Cir. 2001) (premature notice of appeal ripened upon entry of certification).

The decisions discussed above are consistent with the cases which Petitioner asserts interpret Rule 4(a)(2) consistently with *FirsTier*. *See* Petitioner at 31. For example, in *Strasburg v. State Bar of Wisconsin*, 1 F.3d 468 (7th Cir. 1993), *cert. denied*, 510 U.S. 1047, 114 S.Ct. 698 (1994), *overruled on other grounds by Otis v. City of Chicago*, 29 F.3d 1159 (7th Cir. 1994), the District Court retained jurisdiction over some of the claims asserted and explicitly warned plaintiff that its notice of appeal was a "nullity." *Id.* at 469-70. Thus, as in *Meade* and *Stoney Point*, the plaintiff in *Strasburg* could not have had a reasonable belief that the case was fully resolved. Similarly, in *United States v. Cooper*, 135 F.3d 960 (5th Cir. 1998), the defendant filed a notice of appeal from a magistrate judge's report. As with the discovery orders in *ADAPT*, a magistrate's report does not dispose of a party's claims. Thus, both *ADAPT*, which Petitioner asserts conflicts with *FirsTier*, and *Cooper*, which Petitioner claims is consistent with *FirsTier*, are in fact consistent with *FirsTier* and with one another.[3]

3. *See also Barrett v. United States*, 462 F.3d 28 (1st Cir. 2006) (premature notice of appeal from order dismissing some claims ripened because the order would have been appealable if certified); *Fields v. Oklahoma State Penitentiary*, 511 F.3d 1109 (10th Cir. 2007) (premature notice of appeal from an order that did not dispose of all of the claims may ripen upon a subsequent final order having finality indicia); *Miller v. Special Weapons, L.L.C.*, 369 F.3d 1033(8th Cir. 2004)(no jurisdiction on appeal found where unresolved claims at time of notice of appeal were pending and claimant moved to amend claim to plead new legal basis).

Petitioner's writ should be denied because there is no conflict between the circuits on the application of Fed.R.App.P. 4(a)(2) in view of *FirsTier*.

II. Even if a Conflict Existed, The Petition Should be Denied Because This is Not The Proper Case For This Court to Exercise Its Extraordinary and Discretionary Jurisdiction to Resolve That Conflict

Petitioner's assertion that Respondent's Notice of Appeal was not timely because the decision of the District Court in the instant action was not final, suffers from the same defect as the argument of IMI in *FirsTier*. As this Court explained in *FirsTier*, the decision of the District Court need not be "final" at the moment it is issued. Rule 4(a)(2) "permits a premature filing of notice of appeal from [the District Court decision] to relate forward to judgment and serve as an effective notice of appeal *from the final judgment.*" *Id.* at 275 (emphasis in original). The litigant need not have a reasonable belief that he is appealing from a "final" decision, just a reasonable belief that the case had ended. *See Strasburg*, 1 F.3d at 471. The District Court's Order in the instant action disposed of the main claim and rendered the counterclaims moot. It was as reasonable for Respondent in the instant action to believe that the case had ended as it was for the appellants in *Ruby* and *Firchau*, both of which were discussed with approval and relied upon by this Court in deciding *FirsTier*.

The rationale and public policy behind the prohibition against the appeal of clearly nonfinal orders that do not dispose of all claims in the case does not apply to the instant action. Clearly interlocutory orders

such as discovery orders are not appealable to prevent piecemeal litigation and unnecessary delays in litigations while the trial court waits for a decision on each of its orders. Moreover, parties attempting to appeal such orders cannot have any reasonable belief that such cases had been terminated. In contrast, in this matter, the order appealed from resolved the matter on the merits, and Respondent reasonably believed that the case had ended. As evidenced by the District Court's email to the parties after the Stipulation of Dismissal was filed by Petitioner on the counterclaims, even the District Court believed the case had ended. The facts of the instant case, thus, fall squarely within this Court's opinion in *FirsTier*. As this Court noted in *FirsTier*, in circumstances such as these

> the litigant's confusion is understandable, and permitting the notice of appeal to become effective when judgment is entered does not catch the appellee by surprise. Little would be accomplished by prohibiting the court of appeals from reaching the merits of such an appeal.

FirsTier, 498 U.S. at 276. As with *FirsTier*, "this case presents precisely the situation contemplated by Rule 4(a)(2)'s drafters." *Id.* at 277. This case, therefore, is not the right one in which to address any alleged conflict among the circuits. This Court should wait for a case in which the appellate court has misinterpreted and misapplied *FirsTier* so that its ruling would be outcome determinative.

Finally, this case is inappropriate for this Court's review because the standard applied by the District Court for determining infringement for design patents was corrected by the Federal Circuit during the pendency of this matter. *See Egyptian Goddess, Inc. v. Swisa, Inc.*, 543 F.3d 665 (Fed. Cir. 2008)*(en banc)*, *cert. denied*, No. 08-1031, 77 U.S.L.W. 3556 (U.S. 2009). As a result, while the District Court's summary judgment ruling disposed of the claims in this matter, it applied a standard for design patent infringement determined by the Federal Circuit to be in need of correction, and the case was remanded to the District Court, where the case now resides, to apply that corrected standard. If this Court wishes to revisit the issues addressed in *FirsTier*, it should do so with a case in which there is no doubt that the correct legal standard was applied by the trial court in deciding the merits of the action.

This is not a proper case for this Court to exercise its extraordinary and discretionary jurisdiction to address any alleged conflict in applying *FirsTier*.

CONCLUSION

The Petition raises no compelling reason for review, and it should be denied.

Respectfully submitted,

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APPENDIX

APPENDIX — E-MAIL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

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